



For Immediate Release
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**Floor Statement of Senator Max Baucus (D-Mont.)
Regarding Repeal of 1099 Reporting Requirements**

Mr. President, the Senator from Nebraska and I share a common goal. We both want to repeal some IRS reporting requirements scheduled to take effect in 2012.

Each of our two motions would allow consideration of an amendment to prevent the expansion of those IRS reporting rules.

Thus each of our two amendments would help small businesses across America by repealing these burdensome paperwork requirements.

But there are two big differences between our two amendments:

First, my alternative is especially friendly to small businesses. It takes extra measures to permit the IRS to waive certain duplicative reporting requirements for small businesses that use credit cards to pay their bills.

Second, our two versions differ about paying for the change. The alternative offered by my Colleague from Nebraska would give the unelected Director of OMB unprecedented authority to slash spending, all on his own. The Johanns alternative would thus abdicate Congress's responsibility over the budget.

For these reasons, I urge my Colleagues to oppose the Johanns amendment and support my alternative.

First, let me talk about what we have in common.

Each of our two amendments is designed to get rid of a set of rules that requires reporting to the IRS. Many folks refer to these rules as "the 1099 provision." That's because these new rules would require filing more of the IRS forms numbered 1099.

These rules would impose new paperwork burdens and costs on small businesses. And these burdens would fall on small businesses just as they are struggling to emerge from the Great Recession.

The new rules expand existing information reporting to the IRS to include payments businesses make to corporations, and payments they make for goods and property.

As I travel around my home state of Montana, I listen to small business owners like Darrell Keck. Darrell owns the Dixie Inn in Shelby, Montana.

Darrell and his wife Jeanne run a tight ship. They are hard-working. They pay their taxes.

Darrell told me that he and Jeanne just do not have the manpower or the software to make the new reporting rules work. And Darrell and Jeanne run just one business of the many mom-and-pop businesses in Montana that told me this.

I've listened to small businesses. I've heard them. And I am responding to small businesses by offering my amendment. My amendment would fully repeal the new reporting requirements.

My amendment also responds to the concerns of owners of rental property. Some of these owners were concerned about their ability to comply with new rental expense information reporting rules included in the small business bill that Congress enacted in September.

My amendment would scale back those rules. My amendment would apply the same rules to rental expense reporting as would apply to all businesses.

Now, let me turn to the differences between my amendment and the Johans amendment.

First, my amendment includes another feature that would further reduce the paperwork burdens on small businesses. My amendment would grant the Secretary of the Treasury authority to issue regulations to avoid duplicative reporting.

The Treasury has issued guidance under similar authority to allow small businesses that use credit cards to forgo reporting the expenses that they pay with their credit cards.

Under this new guidance, to the extent that small businesses use their credit cards to pay service vendors, they would actually have even less compliance burden than they did under the old law, before the new requirement.

The competing amendment offered by my Colleague from Nebraska would repeal the Treasury's authority to make rules to avoid duplicative reporting. Doing so would thus risk placing undue and unnecessary paperwork burdens on small businesses that use credit cards to pay their bills.

So my alternative is especially friendly to small businesses. It takes extra measures to permit the IRS to waive duplicative reporting requirements for small businesses that use credit cards.

The second main difference between our two amendments is the offset in the Johans amendment. And this is a big difference.

The Joint Tax Committee estimates that the tax law changes in the Johans amendment would cost about \$22 billion. And the Johans amendment also includes a cut of \$39 billion in appropriated funds, to be determined by the OMB.

The Johanns amendment cuts about twice what it needs to do to pay for the repeal of the reporting requirement. As a matter of dollars and cents, the Johanns amendment is mostly about cutting appropriated spending. It's only partly about repealing the reporting requirement.

To make these spending cuts, the Johanns amendment would give the unelected Director of OMB unprecedented authority to determine the source of this funding. And that would abdicate Congressional responsibility over the budget.

The Joint Tax Committee estimates that my amendment would cost about \$19 billion. That's a little less than the tax part of the Johanns amendment. My amendment does not include an offset.

These days, finding a \$19 billion offset that can get 67 votes is pretty close to impossible. We have spent much of this year haggling over one offset or another. My amendment tries to avoid that.

We are talking about a paperwork requirement that has not yet even taken effect. It takes effect in 2012.

Let's just repeal this reporting requirement. Let's just get this done.

The IRS has used Form 1099 for decades to better track income. But the new reporting rules just went too far. The time and expense for small businesses to comply with the new rules far exceed any benefit.

Especially in these tough economic times, now is not the time to put additional stress on small businesses to meet complicated government rules.

Rather, now is the time to eliminate this paperwork burden.

Small businesses are the backbone of the American economy. That's especially true in Montana. In Montana, a greater share of workers works in small businesses than in any other state in the country.

Business owners need to focus their efforts on growing their business and creating jobs — not filling out paperwork.

Small businesses in Montana and across America want to comply with the tax laws. But these new rules stretched their ability to do that. I urge my Colleagues to support their full repeal.

But let's not hand over a blank check to the OMB Director to slash \$39 billion wherever he wants. That part of the Johanns amendment also goes too far.

And so, I urge my Colleagues to help out small businesses. And I urge my Colleagues to avoid sweeping delegations of power to the unelected OMB Director. And thus, I urge my Colleagues to oppose the Johanns amendment and support the Baucus amendment when they come up for votes this evening.

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